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N.Y. City Housing Agency Targets More Success

by [Paul Burton](#)

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As New York City Mayor Bill de Blasio continues to ramp up his affordable housing plan, one of the main financial engines of the initiative has set out to match the challenge for a second year running.

[Video: Focus on Affordable Housing](#)

"We got off to a great start in 2014," said Gary Rodney, president of the New York City Housing Development Corp., which issued \$1.93 billion of bonds last year, ranking it first on the Thompson Reuters list of multifamily bond issuers for the third straight year.

The corporation financed the construction or preservation of 44 affordable housing developments comprising 8,152 apartments, or about half of last year's citywide total.

"HDC was able to achieve great success with a broad range of investors and structures in 2014, as the municipal market's largest multi-family issuer," said Paul Palmeri, head of public finance at JPMorgan Chase.

Last year, de Blasio launched his Housing New York plan, a 10-year plan to create and preserve 200,000 units of affordable housing. HDC, the nation's largest municipal housing finance agency, is charged with helping finance units under the plan.

In his State of the City address Tuesday, de Blasio targeted six neighborhoods across the five boroughs for mandatory affordable housing requirements, and said the city would invest \$200 million in affordable housing, new infrastructure and job-creation initiatives in the southwest Bronx.

Among other city measures, the Department of Cultural Affairs will spend \$30 million for 1,500 affordable live-work spaces for artists.

"Mayor Bill de Blasio was right to focus on the critical issue of affordable housing today," said city Comptroller Scott Stringer.

In addition to HDC's bond issuance for 2014, it also contributed more than \$117 million of its corporate subsidies and leveraged roughly \$700 million in investor equity through the low

income housing tax credit program.

The agency issues bonds for only one city, compared with statewide jurisdictions of other ranked agencies. It operates separately from the city's Department of Housing Preservation and Development, though a common core mission of affordable housing unites the two.

HDC's governance consists of a seven-member board of directors appointed by the mayor and governor; HPD's commissioner, now Vicki Been, chairs the HDC board.

Standard & Poor's in September raised its long-term rating and underlying rating on the corporation's outstanding bonds under its multifamily housing bond resolution, better known as the open resolution, to AA-plus from AA.

The open resolution is HDC's largest single asset and most flexible financing vehicle, according to corporation officials. HDC established the open resolution in 1993 to permit the issuance of an unlimited amount of parity debt bonds.

S&P cited the corporation's strategy and management of the open resolution, the resolution's financial strength and operating performance, and high government support level.

HDC is also participating in the Federal Financing Bank affordable rental housing partnership with the U.S. Department of the Treasury and the Department of Housing and Urban Development. HDC was chosen as the first partner.

"What we are doing is trying to find innovative techniques so we can stretch out money a little bit further," Rodney said in a Bond Buyer video. "Our partnerships with the federal financing bank and having our rating upgrade has allowed us to expand our investor base a little bit and achieve greater economies of scale."

Since 2003, HDC has financed more than 120,000 units using more than \$13.7 billion in bonds, and provided in excess of \$1.6 billion in subsidy from corporate reserves. It is the third largest affordable housing lender in the U.S. after Citi and Wells Fargo, and ahead of such industry leaders as Bank of America and Capital One.

Affordable housing is an expanding sector nationwide, though New York poses specific challenges, according to Rodney. "The significant challenge, especially here in New York City, is the cost," he said. "It's an expensive place to rent, an expensive place to own and it's an extremely expensive place to build or construct this affordable housing."



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